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RUEHCV/AMEMBASSY CARACAS 2015
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C O N F I D E N T I A L SECTION 01 OF 02 LA PAZ 003161

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SUBJECT: 11/22 MEETING WITH MINING MINISTER DALIENCE

Classified By: Amb. Philip S. Goldberg for reasons 1.4 (b) and (d).

SUMMARY

11. (C) On November 22, Ambassador Goldberg met with Minister of Mining and Metallurgy Dr. Jose Guillermo Daliencia. The Ambassador sought assurances regarding the protection of American investment in the mining sector and an explanation of the GOB's plan for the mining industry. Minister Daliencia told the Ambassador that he had met with the American companies and was impressed with their operations. The minister expounded upon his political beliefs and plans for to carry out the "democratic and cultural revolution the Bolivian people voted for." Daliencia assured the Ambassador that any changes in the mining sector would be "transparent and within the framework of the law". The minister said that American contracts would be "ok" but that Swiss contracts, such as Glencore, could be changed. The meeting ended with the Minister offering to meet with the Ambassador or his staff at anytime. End summary.

AMBASSADOR SEEKS ASSURANCES

12. (C) The Ambassador opened the meeting by explaining that he sought assurances that American investments in the Bolivian mining sector would be respected. The Ambassador told Minister Daliencia that American companies were nervous and that while the word "nationalization" may play well domestically, it carried a strong negative connotation to the international business community. The Ambassador asked Daliencia to "give a sign that there will not be expropriation." Daliencia replied that he had met with the American companies with investments in Bolivia, was impressed with their operations, and that there were "no problems with the San Bartolome and San Cristobal contracts." The Minister added that "everything will be within the framework of the law. We know that we can't lose their investments."

THE VOTER'S GAVE A MANDATE FOR CHANGE

¶3. (C) The minister (a former state-run mining company union leader) went into a political discourse of how Bolivia is "living a democratic and cultural revolution." He told the Ambassador that the Bolivian population gave this government a mandate for change with fifty-four percent of the vote. Furthermore, he claimed, "the percentage would have even been higher if not for the fraud committed by the opposition." Daliencia said he sees the GOB's top two priorities as "reclaiming our indigenous identity" and defending our natural resources such as "hydrocarbons, minerals, land, water, and the coca leaf.". The Ambassador responded that it is each country's right to manage its own natural resources but observed that coca is not a natural resource.

COMIBOL WILL BE REBORN

¶4. (C) The Ambassador asked Daliencia about the GOB's plans for reforming the mining sector. The minister acknowledged that it was a difficult time and lamented that the industry "is not operating at 100% capacity to take advantage of high prices." He said that the GOB realizes it needs foreign investment but wants "partners, not bosses." Daliencia said that he understood that "an investment deserves to receive a profit." The minister complained that "the neo-liberal governments of the past twenty years have taken the country back to the 19th century and have broken down all government institutions." Daliencia explained that the state run-mining company Comibol would be reborn, and like the state hydrocarbons company YPFB, Comibol would become involved in the entire mining process, from "exploration all the way to

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commercialization." Unlike YPFB he said, Comibol cannot legally negotiate where concessions have been signed (as in the case of American investments). The new Comibol would be able to force new contract negotiations with Swiss company Glencore, who bought ex-President Sanchez de Lozada's mining interests. Minister Daliencia said that it is up to the Constituent Assembly to change mining laws. He also said the GOB wants to require congressional approval for all new mining contracts.

COMMENT

¶5. (C) While Minister Daliencia gave the Ambassador his assurance that American mining contracts will be respected, he clearly favors heavy state involvement in the industry. Although different industries, the GOB plans to model the state-run mining company Comibol after the state hydrocarbons company YPFB. Minister Daliencia told the Ambassador he is willing to meet with him or his staff anytime and even offered to go to Washington to explain the GOB's new mining policies. End Comment.

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